

Lavonne Griffin-Valade Secretary of State
Cheryl Myers Deputy Secretary of State, Tribal Liaison
Kip Memmott Audits Director

August 1, 2023

BOARD OF DIRECTORS
LOOKINGGLASS RFPD
7173 LOOKINGGLASS RD
ROSEBURG, OR 97471

The May election is complete and some of you are new to your official positions. Welcome! And many more of you are returning officials who have been serving your local government for quite some time. Thank you.

We are providing this letter to remind you of your responsibilities as a fiduciary of your local government.

As a governing official, you are a trustee of the local government and must exercise due diligence and oversight to ensure the local government is well-managed and its financial situation remains sound. As a trustee, you also carry some responsibility to ensure compliance with certain laws, rules, and grant or loan covenants.

Municipal Audit Law provides instructions for reports local governments are required to submit annually to the Secretary of State. Annual reporting is important for ensuring local governments are transparent and accountable to the public.

Under Municipal Audit Law (ORS 297.405-297.990), financial reports must be filed each year with the Oregon Audits Division. These annual filings must be filed either 90 or 180 days after fiscal year end and require a response to any findings reported by the independent auditor within 30 days of filing. Failure to file annual reports could result in dissolution.

Other areas of responsibility include the following:

1. Government Ethics for Public Officials - ORS 244
2. Public meetings and public records law - ORS 192
3. Local budget law - ORS 294
4. Procurement and contracting - ORS Chapters 279A-C
5. Deposit and Investment of public funds - ORS Chapters 294 and 295

¹ ORS - Oregon Revised Statutes

More information and resources to help you understand and comply with these statutes can be found on our website: sos.oregon.gov/muniofficial

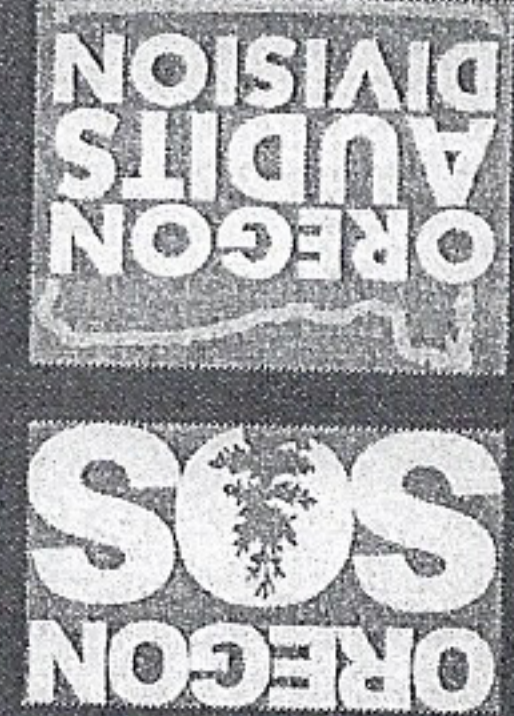
Please contact our office if you have questions or wish to discuss any of the responsibilities or requirements outlined in this letter or on the linked site. Your role as a government official is an important one to ensure needed services are available and we appreciate your willingness to serve in this capacity.



Amy John, CPA

Municipal Program Manager

Oregon Audits Division



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MUNICIPAL AUDIT LAW CHANGES effective January 1, 2024

You are receiving this letter because you are currently registered as a local government subject to Municipal Audit Law (ORS 297.405 - 297.990). Changes to Municipal Audit Law were enacted during the 2023 legislative session and impact all local governments.

House Bill 2110 A amended Municipal Audit Law; these changes become effective January 1, 2024. You can find more details on HB 2110 A online at <https://olis.oregonlegislature.gov/liz/2023R1/Measures/Overview/HB2110>. Key changes are listed below.

1. Updated thresholds: Audits are required for counties and school districts and are now required for entities spending more than \$1 million annually — an increase from \$500,000. All other entities may be eligible for an audit exemption. Entities spending less than \$250,000 may be eligible to file a self-prepared report in lieu of audit.

Report Type	Thresholds as of 1/1/24
Audit	> \$1,000,000
AUP	\$250,001 - \$1,000,000
Self-Prepared	≤ \$250,000

2. Agreed Upon Procedures (AUP) reporting: Replacing review reports, AUP reporting directs auditors to perform and report results of procedures specified in the Oregon Minimum Standards (OAR 162-040). The procedures will address certain components of financial reporting, operations, and compliance.
3. Filing fees: As determined by entity spending, increased fees will range from \$40 to \$500.

Spending over	Spending Not Over	Annual Fee
\$0	\$50,000	\$40
\$50,000	\$150,000	\$80
\$150,000	\$250,000	\$150
\$250,000	\$500,000	\$250
\$500,000	\$1,000,000	\$300
\$1,000,000	\$5,000,000	\$350
\$5,000,000	\$10,000,000	\$400
\$10,000,000	\$50,000,000	\$450
\$50,000,000	-	\$500

Next Steps

The Oregon Administrative Rules and Minimum Standards for Audits and Reviews will be revised to reflect these changes in law. Specifically, the rules will be revised to (1) include a definition of expenditures that will be consistently used to determine the filing threshold and fee, and (2) replace review report guidance with AUP guidance.

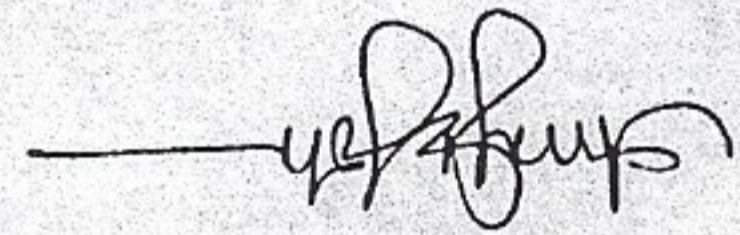
Rules will be developed in cooperation with the municipalities, CPAs, and membership organizations. I encourage you to participate in the rulemaking process or provide feedback to our office directly.

Effective January 1, 2024

Changes to Municipal Audit Law are effective for fiscal years ending on or after January 1, 2024. You'll want to plan and ensure you're prepared for these changes. You can find more information on our website at sos.oregon.gov/hb2110. For timely information and notices related to rulemaking and other Municipal Audit Law topics sent directly to your email, look for the "Stay Connected" heading on the right side of our web page.

Please contact our office at 503-986-2255 if you have questions about the changes or have suggestions for revising the rules.

Thank you,



Amy John

Municipal Audit Manager

Secretary of State, Audits Division